

and Fuel Oil is still higher. The delivered cost at the factory gate of Naphtha is US\$ 7.68 to 9.16 and Fuel Oil US\$ 5.59 to 6.31 per million BTU.

Naphtha for urea producing units

†4599. DR. D. MASTHAN:

SHRI KAPIL SIBAL:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) the total annual demand of Naphtha for urea producing units in the country;

(b) whether a decision has been taken to provide Naphtha at international prices to urea producing units; and

(c) what are the reasons for this decision?

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI SUKHDEV SINGH DHINDSA): (a) Demand of Naphtha for fertilizer plants in the country at present is estimated at about 3.8 million tonnes per annum.

(b) and (c) As per Resolution No. P. 20012/2997-PP dated 21.11.1997 issued by the Ministry of Petroleum & Natural Gas, the Government appointed a Strategic Planning Group on Restructuring of the Oil Industry comprising of eminent experts from the Public Sector & Private Sector, distinguished energy experts and academicians to make recommendations to meet the policy objectives and initiatives required for restructuring the oil industry. The Group had recommended the gradual phasing out of Administered Pricing Mechanism (APM) and the introduction of free marketing mechanism. Accordingly the Government decided on 1.9.1997 that pricing of naphtha would be decontrolled and based on import parity basis for all consumers, including urea producing units.

Further as per Notification No. 2(RE-2001)/1997—2002 dated 31.3.2001 issued by Ministry of Commerce & Industry, Naphtha can be freely imported and there is nil custom duty for import of Naphtha for use in manufacture of fertilizers.

[†]Original notice of the Question was received in Hindi.